

Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 02370 01 OF 02 021857 Z

42

ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 OIC-04

RSR-01 NEA-10 EA-11 /203 W
----- 088031

R 021745 Z MAY 73
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 5121
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS UNN
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION GENEVA
USMISSION OECD PARIS UNN

LIMITED OFFICIAL USE SECTION 1 OF 2 EC BRUSSELS 2370

PASS AGRICULTURE

E. O. 11652: NA
TAGS: EAFR, EEC
SUBJECT: APRIL 28 - MAY 1 EC COUNCIL OF MINISTERS
(AGRICULTURAL) MEETING

REF: (A) EC BRUSSELS 2335; (B) A-112; (C) EC A-95

1. SUMMARY. THE EC COUNCIL OF AGRICULTURAL MINISTERS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 02370 01 OF 02 021857 Z

SUCCEEDED ON MAY 1 IN REACHING A LAST MINUTE COMPROMISE ON THE 1973/74 CAP PRICES. THE AGREEMENT CAME ABOUT AFTER FOUR DAYS OF CONFUSED AND BITTER DISCUSSIONS. IT WAS APPARENTLY MOTIVATED BY THE FEAR THAT A DEADLOCK ON FARM PRICES WOULD PARALYZE NOT ONLY THE CAP BUT ALSO OTHER COMMUNITY POLICIES. THE INCREASES IN FARM PRICES ARE GENERALLY MODEST AND IN SEVERAL CASES PRACTICALLY TANTAMOUNT TO A PRICE FREEZE. END SUMMARY.

2. AFTER FOUR DAYS OF FUTILE AND CONFUSED DELIBERATIONS WHICH WERE REPEATEDLY AT THE VERGE OF BREAKING DOWN, THE EC MINISTERS OF AGRICULTURE REACHED A LAST MINUTE COMPROMISE ON THE 1973/74 FARM PRICES IN THE LATE MORNING OF MAY 1. THE COMPROMISE CAME ABOUT AFTER REPEATED WARNINGS FROM THE COMMISSION AND REPORTEDLY ALSO FROM THE FRENCH THAT A DEADLOCK ON FARM PRICES WOULD PARALYZE NOT ONLY THE CAP BUT ALSO OTHER COMMUNITY ACTIVITIES.

3. THE COMPROMISE THAT WAS FINALLY REACHED CANNOT OBSCURE THE FACT THAT A CONSENSUS ON MAJOR CAP ISSUES IS MORE AND MORE DIFFICULT BECAUSE OF THE GROWING DIVERGENCIES IN THE INTERESTS OF THE MEMBER STATES. CHIRAC, THE FRENCH MINISTER OF AGRICULTURE, CALLED THE COUNCIL DELIBERATIONS QUOTE AND ORDEAL UNQUOTE. THERE IS WIDESPREAD AGREEMENT THAT THE CAP HAS TO BE REVIEWED IF ITS CONTINUATION IS TO BE ASSURED.

4. ONE OF THE NOTEWORTHY FEATURES OF THIS COUNCIL MEETING WAS THE ATTITUDE TAKEN BY THE GERMAN DELEGATION. WHILE ARGUING AGAINST A LINK BETWEEN PRICE INCREASES AND THE RESTORATION OF A COMMON CAP PRICE SYSTEM, THE GERMANS AIMED IN FACT AT A STALEMATE AND HENCE AT A PRICE FREEZE. THE FRENCH, ON THE OTHER HAND, WHILE UNDOUBTEDLY SINCERE IN THEIR DESIRE TO RESTORE THE COMMON PRICE SYSTEM, DE- EMPHASIZED THROUGHOUT THE MEETINGS PRICE INCREASES FOR CROP PRODUCTS, PARTICULARLY CEREALS. HOWEVER, THEIR INSISTENCE ON HIGHER LIVESTOCK PRICES WAS LARGELY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 EC BRU 02370 01 OF 02 021857 Z

DEMAGOGIC, BECAUSE THE MARKET PRICES FOR BEEF AND VEAL ARE FAR ABOVE THE INCREASED SUPPORT LEVELS ON WHICH THE COUNCIL FINALLY AGREED WHILE THE INCREASE IN THE MILK TARGET PRICE, WHICH THE FRENCH EXTRACTED FROM THEIR PARTNERS, WILL NOT NECESSARILY LEAD TO HIGHER MILK PRICES AT THE FARM GATE. GIVEN THE PECULIAR MECHANISM OF THE CAP FOR MILK, THE

MODIFICATION OF THE SUPPORT MECHANISM FOR DAIRY PRODUCTS WHICH IS TO ACCOMPANY THE INCREASE IN THE MILK TARGET PRICE MAY RESULT IN LOWER MILK PRICES TO THE FARMERS.

5. THE COUNCIL MEETING RESULTED IN FOUR MAJOR AGREEMENTS: (A) A SIMPLIFICATION OF THE SYSTEM OF COMPENSATORY AMOUNTS; (B) A VERY MODEST INCREASE IN THE SUPPORT PRICES OF MOST FARM PRODUCTS; (C) A RESOLUTION ON AIDS TO " HILL FARMERS"; AND (D) AGREEMENT ON SPECIAL INCENTIVE PAYMENTS TO ENCOURAGE BEEF PRODUCTION. MOREOVER, THE U. K. IS PERMITTED TO REDUCE BY 10 PERCENT THE NEXT ADJUSTMENT TOWARDS THE COMMON CAP PRICE LEVELS EXCEPT FOR BEEF. ITALY, ON THE OTHER HAND, IS TO PHASE OUT THE LEVY ABATEMENT ON FEEDGRAIN IMPORTS BY MID-1977.

LIMITED OFFICIAL USE
NMAFVVZCZ

ADP000
LIMITED OFFICIAL USE

PAGE 01 EC BRU 02370 02 OF 02 021918 Z

42
ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 OIC-04

NEA-10 EA-11 RSR-01 /203 W
----- 088177

R 021745 Z MAY 73
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 5122
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS UNN
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION GENEVA
USMISSION OECD PARIS UNN

LIMITED OFFICIAL USE SECTION 2 OF 2 EC BRUSSELS 2370

6. THE COUNCIL AGREED TO "SIMPLIFY" THE SYSTEM OF MONETARY COMPENSATORY AMOUNTS. THE NEW SYSTEM SEEMS TO BE ALONG THE LINES OF THE SYSTEM DESCRIBED IN REF B. HOWEVER, WE WILL HAVE TO WAIT FOR FURTHER CLARIFICATION BEFORE BEING ABLE TO DESCRIBE THE NEW SYSTEM IN DETAIL.

7. THE COUNCIL AGREED ON THE FOLLOWING CHANGES IN THE CAP SUPPORT PRICES:

A. THE SUPPORT PRICES FOR ALL GRAINS (OTHER LIMITED OFFICIAL USE LIMITED OFFICIAL USE

PAGE 02 EC BRU 02370 02 OF 02 021918 Z

THAN RYE), RICE, SUGAR, SUGARBEETS, RAPESEED, SUNFLOWER SEED AND THE SUBSIDIES FOR FLAX AND HEMP WILL BE INCREASED BY 1 PERCENT.

B. THE TARGET PRICE (BUT NOT NECESSARILY THE INTERVENTION PRICE) FOR RYE WILL BE INCREASED BY 6.5 PERCENT.

C. THE PRODUCER TARGET PRICE FOR OLIVE OIL WILL BE INCREASED BY 10 PERCENT.

D. THE ORIENTATION PRICE FOR WINE WILL BE INCREASED BY 1 TO 3 PERCENT.

E. THE STANDARD AND INTERVENTION PRICES FOR TOBACCO WILL BE INCREASED BY 1 PERCENT. (HOWEVER, THE SUPPORT PRICES FOR BARLEY I AND XANTI YAKA WILL REMAIN UNCHANGED.) THE 1973 BUYERS' PREMIUMS WILL INCREASE IN ACCORDANCE WITH THE INCREASES IN STANDARD AND INTERVENTION PRICES.

F. THE TARGET PRICE FOR MILK WILL BE INCREASED BY 5.5 PERCENT (EXCEPT IN GERMANY AND THE BENELUX COUNTRIES WHERE THE INCREASE WILL BE ONLY 4 PERCENT). HOWEVER, THE INTERVENTION PRICE FOR BUTTER IS TO BE REDUCED (IN THE SIX) BY ABOUT 5.5 PERCENT. MOREOVER, MEMBER STATES WILL BE PERMITTED TO GRANT A COUNSUMER SUBSIDY FOR BUTTER OF LU UP TO TEN UNITS OF ACCOUNT PER 100 KG. FIFTY PERCENT OF THIS SUBSIDY WILL BE REIMBURSED BY FEOGA.

G. THE BUTTER INTERVENTION PRICES IN THE NEW MEMBER STATES WILL BE AS FOLLOWS:

DENMARK: 171.50 U. A./100 KG.

IRELAND: 160.25 U. A./100 KG.

U. K. 87.96 U. X./100 KG.

H. THE REDUCTION IN THE INTERVENTION PRICE FOR BUTTER WILL BE COMPENSATED BY A 22 PERCENT INCREASE IN THE INTERVENTION PRICE FOR SKIM MILK POWDER. HOWEVER, IN THE BENELUX COUNTRIES AND GERMANY THIS INCREASE WILL AMOUNT TO ONLY 18.5 PERCENT.

I. THE ORIENTATION PRICES FOR CATTLE AND CALVES

WILL BE INCREASED BY 10.50 AND 7.50 PERCENT; I. E.,
THEY WILL AMOUNT TO 862 U. A./ MT FOR CATTLE AND
1,037.50 U. A./ MT FOR CALVES. (IT SHOULD BE NOTED
THAT THE MARKET PRICES FOR THESE PRODUCTS AVERAGED
LAST WEEK 956.68 U. A./ MT FOR CATTLE AND 1,404.71
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 EC BRU 02370 02 OF 02 021918 Z

U. A./ MT FOR CALVES.) IN THE UMK. AND IRELAND, THE
ORIENTATIO PRICES FOR CATTLE AND CALVES WILL BE
700.00 U. A./ MT AND 843.50 U. A./ MT.

J. THE BASE PRICE FOR PORK WILL BE INCREASED
BY 4 PERCENT.

K. THE BASE AND PURCHASE PRICES (AND HENCE
POSSIBLE ALSO THE REFERENCE PRICES) FOR FRUITS AND
VEGETABLES WILL BE INCREASED BY 7.5 PERCENT EXCEPT
FOR PEARS FOR WHICH THE INCREASE WILL AMOUNT TO 5
PERCENT.

8. IN ORDER TO MEET BRITISH DEMANDS, THE COUNCIL
PASSED A RESOLUTION IN FAVOR OF " HILL FARMING".
HOWEVER, THE RESOLUTION DOES NOT SPEAK OF HILL
FARMING PROPER BUT OF AIDS TO AGRICULTURE IN CERTAIN
BACKWARD AREAS (" ZONES DEFAVORISEES"). (THIS IS A VERY
ELASTIC TERM AND COULD COVER HALF OF THE
COMMUNITY' S FARM AREA.) THE DETAILS OF THIS PROGRAM
MUST AWAIT FURTHER COUNCIL ACTION. THIS IS TO BE IN
THE FORM OF A DIRECTIVE TO BE ISSUED BEFORE OCTOBER 1
E E E E E E

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EAFR
Control Number: n/a
Copy: SINGLE
Draft Date: 02 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ECBRU02370
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730533/aaaahkap.tel
Line Count: 252
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 EC BRUSSELS 2335, A-112, EC A-95
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 06 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Aug-2001 by boyleja>; APPROVED <15-Aug-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 971117
Subject: APRIL 28 - MAY 1 EC COUNCIL OF MINISTERS (AGRICULTURAL) MEETING
TAGS: EAGR, EEC
To: BONN
BRUSSELS
COPENHAGEN
DUBLIN
EUR
LONDON
LUXEMBOURG

SECSTATE WASHDC

THE HAGUE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005